



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
FOR: IMMEDIATE RELEASE

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ACC TAKES ACTION AGAINST FRAUDULENT PROMISSORY NOTE SCHEME

PHOENIX — The Arizona Corporation Commission today ordered James Kinion, a Tucson based insurance agent, and his company, Tucson Estate Financial Advisors, to pay a \$10,000 penalty and restitution of \$104,080.23 representing the commissions he earned in selling fraudulent promissory notes. The Commission also ordered Kinion and Tucson Estate Financial Advisors to cease and desist from violations of the Securities Act.

According to the Order, Kinion and Tucson Estate Financial Advisors, Inc. sold 41 promissory notes to 16 Arizona investors, for a total investment of \$1,176,084.62. Kinion sold the promissory notes on behalf of nine companies located in other states. The notes purportedly paid interest ranging from ten to thirteen percent. Although some of the notes have been paid, most are past due. Surety bonds issued by Costa Rican and Belgian insurers allegedly guaranteed the notes, but none of the investors have received payments on the past due notes.

The Order states that Kinion failed to inform investors that the promissory notes were not registered as securities in Arizona. Kinion failed to disclose that he received commissions of up to thirteen percent for selling the promissory notes. He also failed to disclose the risks involved in these investments and did not provide prospectuses or financial statements to

investors. Kinion and Tucson Estate Financial Advisors also failed to discover and inform investors that other state securities regulators had issued cease and desist orders against the companies issuing the promissory notes.

In taking this action, Commission Chairman Carl Kunasek stated: “The Commission will not tolerate fraudulent securities offerings and investors are entitled to full and fair disclosure on investments. Today’s action should serve as a clear reminder to investors to ask questions before investing.” Commissioners Irvin and Mundell joined Chairman Kunasek in a unanimous vote in favor of the penalty and order of restitution.

Mark Sendrow, Director of the Securities Division warned the public that “promissory notes are securities, and anyone who is interested in investing in them can contact the Securities Division to find out if the securities and the salesman are registered.” The public can find out more about promissory notes by reading the latest Director’s Message at the Division web site at www.ccsd.cc.state.az.us. The public can also call the Division at (602) 542-4242 or toll free at 1-877-811-3878.

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